

13 March 1964

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Comments on Proposed Notice
Concerning Procurement Policy

REFERENCES : (a) Memo from DD/S, No. 64-1154,
dated 27 February 1964, Subject:
Procurement Policy

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(b) Proposed [REDACTED] (Procurement
Policy)

(c) Memo from C/TSD to [REDACTED]
dated 22 January 1964

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1. I have reviewed the proposed Headquarters Notice dealing with procurement policy together with References (a) and (b) and find that issuance of this notice as presently written would not be helpful to the conduct and support of activities of the Clandestine Services.

2. The normal requirements of the Clandestine Services put heavy emphasis on procedures which emphasize security, speed, compartmentation, and economy. As this relates to materiel requirements, it causes us to search for and develop contractual relationships of a highly personalized nature where the contractor over a period of years becomes, in effect, an external arm of the Clandestine Services. This type of relationship is quite different from the atmosphere implicit in the normal government-industrial contracting mechanism. For this reason, I cannot concur that solicitation of all contracts should be done by the Office of Logistics. In most TSD situations a contract solicitation is the terminal part of a dynamic, highly personalized technical interplay between the project engineer and the contractor.

3. I understand that your Office of Logistics, working closely with technical Services Division, has carefully and painstakingly, during the past two years, worked out a fine set of ground rules for internal Agency coordination of contracting activities. The results of those efforts are reflected in the Procurement Handbook

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██████████ which represents to us a satisfactory and workable procedure for contracting problems of the Clandestine Services.

4. At TSD's request you recently assigned a resident Logistics Contracting Officer to work in TSD. The hope here was, and is, that such an individual, working closely in physical proximity to the scientists and engineers of TSD, would actively participate in contract negotiation from the very earliest stages. This would appear to satisfy both your desire and mine for a closer collaboration between our respective components in this problem area.

5. Our production requirements are usually for a small quantity of any given item where we strive for high quality and reliability in order to enhance the security and timeliness of support of clandestine operations. The use of competitive bidding and incentive clauses in contracts do offer potential advantages in a contract which results in quantity production. To the extent that the Clandestine Services are engaged and will engage in the future in such quantity production, we would be happy to consider that method of dealing with the problem.

6. In sum, I find the projected policy notice does not address itself to the requirements of the Clandestine Services and, while it may be good for the Department of Defense, it is definitely not good for the Clandestine Services of CIA. If other considerations dictate that the Agency must have, or should have, a procurement policy for the overt portions of the Agency patterned after the Department of Defense, it is requested that the Clandestine Services be exempted from such a policy. We strongly prefer to continue to utilize the procedures stated in the Procurement Handbook, ██████████ and to give the present assignment of a Contracting Officer a chance to correct whatever shortcomings there are in the present areas of coordination between the Office of Logistics and the Technical Services Division.

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Richard Helms
Deputy Director for Plans

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